

# SENATE BILL REPORT

## SB 5043

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As of Third Reading

**Title:** An act relating to the provision of housing for school district employees.

**Brief Description:** Providing housing to school district employees.

**Sponsors:** Senators Salomon, Rolfes, Conway, Das, Hasegawa, Hunt, Kuderer, Lovelett, Saldaña, Wellman and Wilson, C..

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/20/21, 2/03/21 [DP-WM, DNP, w/oRec].

Ways & Means: 2/19/21, 2/22/21 [DP, DNP, w/oRec].

**Brief Summary of Bill**

- Allows any school district to build teachers' cottages or other single or multifamily housing for school district employees when directed by a vote of the qualified electors of the district to do so.
- Eliminates the requirement that a board of supervisors review plans regarding second-class districts' use of school property for public purposes.
- Exempts all leasehold interests in facilities owned or used by a school district which provides housing for school district employees from leasehold excise tax.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Nobles, Vice Chair, K-12; Wilson, C., Vice Chair, Early Learning; Hunt, Mullet and Pedersen.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass.

Signed by Senators Hawkins, Ranking Member; McCune.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Dozier.

**Staff:** Benjamin Omdal (786-7442)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Liias, Pedersen, Van De Wege, Wagoner and Wellman.

**Minority Report:** Do not pass.

Signed by Senator Schoesler, Assistant Ranking Member, Capital.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Wilson, L., Ranking Member; Honeyford, Assistant Ranking Member, Capital; Braun, Carlyle, Gildon, Mullet, Muzzall, Rivers and Warnick.

**Staff:** Jeffrey Naas (786-6131)

**Background:** Teacher Cottages. Current state law requires school board directors of second-class school districts to build schoolhouses and teachers' cottages when directed by a vote of the district to do so, and may purchase real property for any school district purpose. It also allows second-class districts to provide suitable dwellings and accommodations for teachers, supervisors, and necessary assistants.

Any school district that has a student enrollment in its public schools of 2000 or more students is a first-class school district. School districts with fewer than 2000 students are second-class school districts.

Board of Supervisors that Approves School Property Plans. When using school property for public purposes, second-class districts or a combination of districts must submit plans to be approved by a board of supervisors. The board of supervisors must be composed of the Superintendent of Public Instruction, the head of the extension departments of the University of Washington and Washington State University, the educational service district superintendent, and three members chosen by the board.

Leasehold Excise Tax. Leasehold excise tax is assessed on the use of public property by a private party and is in lieu of property tax. The tax rate is 0.1284 of the rent paid for the property. Approximately 53 percent of the tax is directed to the state general fund and 47

percent of the tax is returned to the county and city in which the leased property is located.

Current state law exempts certain leasehold interests from the leasehold excise tax including all leasehold interests in facilities owned or used by a school, college, or university which leasehold provides housing for students and which is otherwise exempt from certain taxation.

**Summary of Bill:** Housing for School District Employees. The board of directors of any school district may build teachers' cottages or other single or multifamily housing for school district employees, when directed by a vote of the qualified electors of the school district to do so.

The board of directors may find the provision of housing for school district employees to be necessary or proper to recruit or retain qualified school district employees or otherwise carry out the functions of the district. Upon such finding, the provision of such housing is in furtherance of the district's fundamental governmental purpose.

Rental or other income from housing, including sale, may be deposited into the school district's general fund to be used for general maintenance, utility, insurance costs, and any other costs associated with the lease or rental of such property and for other district purposes including costs related to operating and maintaining school facilities.

Any school district may enter into an agreement with any municipality, taxing district, or municipal corporation regarding conveying or leasing any lands, properties, or facilities for the development of single or multifamily housing for school district employees or to provide for the joint use, or to participate in the financing as may be fixed by agreement between the respective legislative bodies.

Board of Supervisors that Approves School Property Plans. The statute creating the board of supervisors to approve plans regarding second-class districts' use of school property for public purposes is repealed.

Leasehold Excise Tax. All leasehold interests in facilities owned or used by a school district in which the leasehold provides housing for students or school district employees is exempt from leasehold excise tax. This exemption expires January 1, 2032.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Early Learning & K-12 Education):** PRO: There is a housing affordability crisis in our communities, and this bill would allow districts to put to the people the question of whether they should be able to provide housing to teachers through levy funds. The bill expands the use of a 100-year-old law in Washington State to all districts. The bill would also allow districts to partner with other municipal organizations and provide a new tool to use smaller parcels of property. The bill enables school districts to better retain staff, particularly staff in underrepresented communities that might otherwise be deterred by housing costs. This bill retains local control over these decisions. Many educators are priced out of the communities they work in. Lack of housing is an obstacle to the retention of teachers in all school districts. Teachers living out of district also leads to increased carbon emissions and congestion. This legislation is a way to provide housing to first responders in addition to school staff, all while not increasing education costs.

**Persons Testifying (Early Learning & K-12 Education):** PRO: Senator Jesse Salomon, Prime Sponsor; Faith Pettis, Pacifica Law Group LLP; Drayton Jackson, Washington State School Directors' Association; Ana Bonilla, Enterprise Community Partners; Lucinda Young, Washington Education Association; Peter Bang-Knudsen, Bainbridge Island School District; Lynn Smith, Bainbridge Island School District; Lisa Wolters, Seattle Housing Authority.

**Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This bill helps communities respond to today's housing challenges. Bonds used to finance staff housing must still go before the voters to pass a local bond and a super majority vote of 60 percent is still required. Our district is in a housing affordability crisis. Teachers cannot afford to live in our community and some of our best teachers are commuting 75 miles round trip just to access affordable housing. Even our highest paid employee does not make enough to afford a median priced house in our area. This bill gives teachers greater opportunities to live near the school where they teach.

**Persons Testifying (Ways & Means):** PRO: Stacey Crawshaw-Lewis, Pacifica Law Group LLP; Mike Spence, Bainbridge Island School District.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.